

12-1956

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Recommended Citation

Wunderlich, Gene and Timmons, John F. (1956) "Who Farms Iowa's Farms?," *Iowa Farm Science*: Vol. 11 : No. 6 , Article 1.

Available at: <https://lib.dr.iastate.edu/farmscience/vol11/iss6/1>

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Who? Farms Iowa's Farms?

Though nothing new, the "fewer and larger farms" situation has stirred renewed interest. To help separate fact from fancy in what's happening, this article reports on the findings from the most recent farm census.

by Gene Wunderlich and John F. Timmons

IOWA FARMS are gradually becoming fewer and larger. Though this trend is not new, more and more people and groups are becoming interested in the trend and its implications.

Typical questions are: Does the increase in farm size mean the replacement of family-size operations with large corporate-type farms? Farm operators are moving off the farm into retirement or nonfarm employment, and many young farm people are taking nonfarm jobs. What are the effects on farm ownership and tenancy? What changes in the renting and ownership pattern are taking place along with farm expansion?

The review of new data from the 1954 Census of Agriculture leads to these conclusions:

- Farm expansion appears to be taking place with *little change* in the over-all ownership and renter structure.

- The proportions of owners and renters remain *about the same*.

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- There are *fewer* manager-operated farms (those operated exclusively with hired labor), and *less* manager-operated farmland. These come closest to what might be called "corporation" farms. They're now of small importance in Iowa and seem to be declining further.

- Larger farm size, coupled with an increasing proportion of part-owners, indicates that *some* of the expansion in farm size is coming through *renting of additional farmland* by operators of going farm businesses.

- Though the proportions of farms and farmland operated by tenants remain about the same, *share-type* (particularly livestock-share) arrangements *are replacing cash rentals* to a certain extent.

- Farm output, in terms of value of products sold, tends to be *greater* on *tenant-operated* farms than on *full-owner-operated* farms.

- A considerably larger proportion of the *low-income* farms are *owner-operated* than are tenant-operated.

- There's little evidence from census data to support a claim that owner-operated farms provide greater family income than tenant-operated farms.

Tenure Pattern . . .

Full-owner-operators (who own all of the land they operate) outnumbered tenants (who farm no land of their own) in 1954. (See table 1.) But owners farmed a

TABLE 1. Tenure of Iowa Farm Operators and Land in Farms, 1954.^a

	Farms		Land in Farms	
	Number	Percent	Acres	Percent
Full-owners	87,846	45.5	11,919,407	35.0
Part-owners	30,595	15.9	7,395,196	21.7
Managers	404	0.2	193,762	0.6
Tenants	74,088	38.4	14,536,168	42.7
ALL FARMS	192,933	100.0	34,044,533	100.0

^a1954 U. S. Census of Agriculture.

smaller proportion of Iowa's land than did tenants.

Almost 16 percent of Iowa's farm operators farm land they own plus some land rented from others. These part-owners operate 21.7 percent of Iowa's farmland. Manager farms (operated exclusively with hired labor) account for less than 1 percent of both the state's farm operators and farmland—even though individual units are relatively large.

The tenure pattern isn't uniform throughout the state. Tenancy is as low as 22 percent of the farm operators in the southern counties and as high as 50 percent in the northwestern counties. The highest percentage of farms operated by tenants is in the cash-grain area of central and northwest Iowa; the lowest proportions are in the eastern and southern parts of the state. The proportion of full-owner-operators is greatest in the southern counties. The percentage of part-owners of all farm operators varies from 13.5 in the northern counties to 23.5 in the southern counties.

Manager-Operated Farms...

Manager-operated farms are those operated by hired labor exclusively. These come nearest to what might be called corporate or "corporation" farms. They're few in number—404 in the state—but represent some relatively large units and are fairly evenly scattered throughout the state.

Many of these farms aren't what we generally regard as commercial enterprises; an estimated one-fifth are conducted by public and private institutions and include experimental farms.

A sample of manager-operated commercial farms showed an average of 495.7 acres per farm—about twice the size of the part-owner farms. Though the manager-operated farms are usually larger than other farms, most aren't giant operations. Only 18 of these commercial farms hire five or more regular employees; only 12 percent report more than 500 acres of cropland harvested. In many respects, most manager-operated farms aren't unlike owner-operated and tenant-operated farms.

Manager-operated farms also appear to contain land of relatively low value. The per-acre average value of land and buildings is \$171—lower than in any other tenure category. Many of the manager farms have livestock enterprises and have a relatively high proportion of the land in pasture and woodland.

Manager operation appears to be *diminishing* in importance. There were 157 fewer farms and 41,524 fewer acres operated by managers in 1954 than in 1950.

Tenure Changes . . .

Total numbers of all farm operators have been gradually decreasing along with gradual expansion of farm size and decreasing total farm numbers. During the last 20 years, there has been a tendency toward a more rapid decline in the number of tenants than of part-owners and full-owners. Now, the proportion of operators who own all or part of the land they farm is about 62 percent—compared with 50 percent 20 years ago.

During the last 5 years, the proportion of tenants has remained almost the same. But the percentage of full-owners has decreased while the percentage of part-owners has increased. Also the number of manager-operated farms has decreased in each 5-year period since 1930 when 1,980 of these farms were reported.

Although the larger percentage of farmland has been and still is operated by tenants, increasing proportions are operated by owners—particularly by part-owners. Much of the increase in farm size apparently is the result of owner expansion through leasing arrangements.

Expansion Arrangements . . .

Except for the relatively few manager-operated farms, part-owners operate the largest farms. The average part-owner farm contained 247 acres in 1954, compared with 153 acres for full-owners and 202 acres for tenants. Though there are less than half as many part-owners as either full-owners or tenants, part-own-

ers operate almost twice as many farms of 500 or more acres of cropland as do full-owners and tenants.

Average value of land and buildings for part-owner farms was \$47,883; for full-owners and tenants, \$29,640 and \$43,353, respectively. Thus, the larger farm operations are carried on by those who farm their own land and rent additional acreage.

Farm expansion often must come through relatively large "lumps" of land, equipment or labor. For example, land may not be obtainable in less than 40- or 80-acre tracts. Part of the labor is fixed by the size and structure of the farm family. Hiring help in critical seasons may be more difficult than hiring labor on a yearly basis, so the minimum hireable labor may be a man-year. In areas where custom work isn't available (or available only at high cost), purchase of expensive machinery or equipment may be necessary. Any of these would call for an expenditure that would be relatively large for small operators.

Additional acres provide a means of spreading capital investments and labor and lowering the unit costs of output from fixed investments. However, with competing possibilities for any farm income available for expansion, it may be more profitable to rent than to buy additional land. Many of the part-owner operations result from efforts of owners to expand more rapidly than would be possible by outright purchase.

Expansion may also result from adding an enterprise that uses resources that would otherwise be unused. Example: addition of a livestock enterprise on rented pasture which would make use of extra labor, equipment, buildings and pasture on the home farm, whether owned or rented.

Tenant Farming . . .

The number of tenants decreased from 77,536 to 74,088 between 1950 and 1954, though the proportion that tenants are of all farm operators remained virtually the same. There was considerable change, however, in the

popularity of different methods of renting. Both the number of operators and the acreage of land under cash and crop share-cash arrangements declined. Use of straight crop-share and livestock-share arrangements increased. (See table 2.)

The most impressive increase has been in the use of livestock-share leases—in terms of both farms and acreage. The livestock-share lease has worked out well for father-son arrangements, for joint operators who don't want a partnership, for farmers desiring to retire their own labor but to continue their management and capital in the farm, and for expanding livestock enterprises.

Wherever the price of land is high, the census data show a tendency for the proportion of tenancy to be large. In Appanoose County, as an example, the average value of land and buildings is \$73.14 per acre, and there is 16.7 percent tenancy. The average value of land and buildings in Grundy County is \$283.13 per acre; tenancy, 56.5 percent. Apart from any difficulties in obtaining credit, an operator faced with uncertainty may prefer to rent land rather than to hold only a small equity in purchased land.

Output and Income . . .

In terms of value of products sold, the census showed tenant farms in a generally superior position when compared with full-owner farms. An estimated 40 percent of farms with \$25,000 or more of farm products sold in 1954 were tenant-operated. At the other end of the scale, the largest proportion (80 percent)

of the farms selling \$1,200 of farm products were operated by full-owners. (However, most of the farms classified as part-time or residential are owner-operated.)

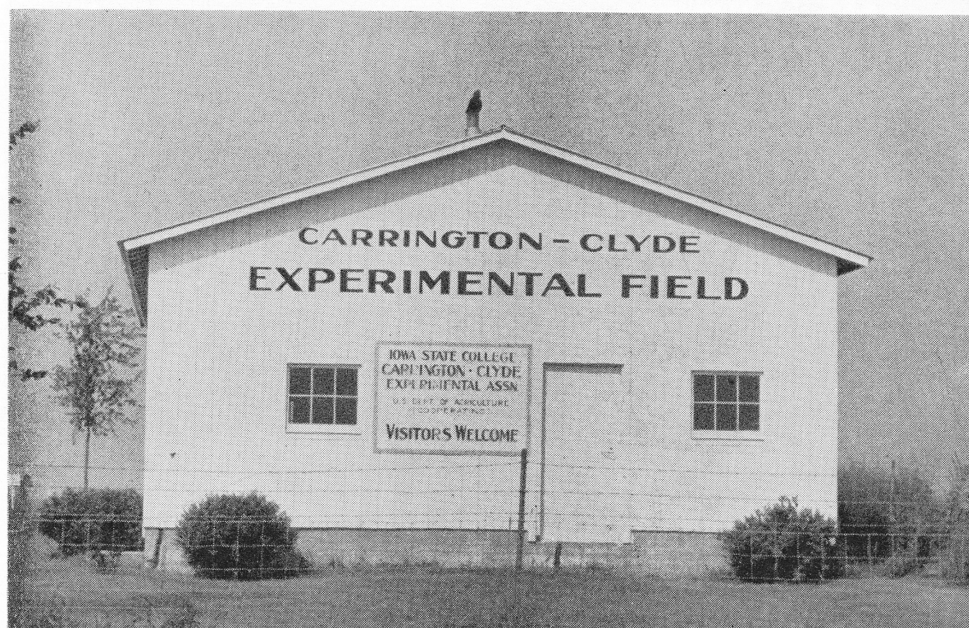
Almost 78 percent of the tenants, 75 percent of the part-owners and 47 percent of the full-owners were estimated to have sold farm products worth \$5,000 or more in 1954. So tenancy (of full-tenants and part-owners) appears to result in larger farms, not only in acreage but also in value of output.

This raises the question of whether the assertion that farm ownership provides the highest and most secure level of living is true. Could it be that full owner-

ship means a reduction in level of living? General observations made from the census data showing the relation between tenure and economic class suggest that complete farm ownership may not necessarily be the way to high income.

The data show that tenant-operated farms more frequently produce a higher value of products sold than full-owner-operated farms—that tenant-operated farms are larger in volume of production as well as in acreage. Part of the income, however, is divided through share or cash rent.

But after adjustments for this factor, tenant farms still retained a favorable position in relation to



Manager-operated farms are becoming fewer in Iowa—only 404 of a total of 192,933 farms in 1954. Many of the 404 aren't what we generally regard as commercial enterprises. They include farms operated by public and private institutions and experimental farms.

TABLE 2. Percentage Distribution of Tenants and Acreage Operated, by Class of Tenancy, Iowa, 1950-1954.^a

Tenancy class	Tenants (Percent)		Land in farms (Percent)		Average size farm (Acres)	
	1950	1954	1950	1954	1950	1954
Cash	16.1	12.3	13.2	9.3	157.8	154.1
Share-cash	48.1	46.1	49.9	47.9	200.2	210.1
Crop-share	7.3	9.0	6.6	8.1	173.1	182.0
Livestock-share ...	24.0	29.3	26.6	32.2	213.9	221.9
Other	4.5	3.3	3.7	2.5	160.1	153.3
ALL TENANTS ..	100.0	100.0	100.0	100.0	192.4	202.3

^a1954 U. S. Census of Agriculture.

full-owner farms. Though rental charges frequently are equivalent to half of the crops or livestock produced, tenants often do not pay taxes, upkeep or the cost of land improvement. Landlords also usually share in the operating costs.

There are always individual exceptions, and the use of census data for this type of comparison does have limitations. But in general, the census data indicate

that the net income position of tenants is at least as good as that of full-owners in the upper income classes—and also that only a very small proportion of Iowa's low-income farms are operated by tenants.

Owned, Rented Land . . .

Full-owners rented more than 1,783,000 acres of land to others in 1954. On the other hand, there were 1,608 tenants who owned 242,000 acres of land. Since they weren't classified as

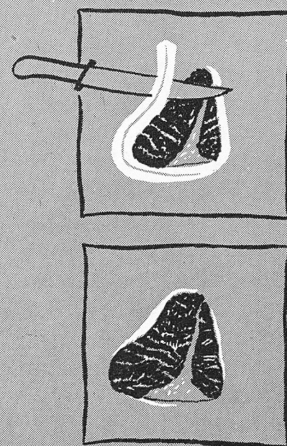
part-owners of their farms, these tenants must have rented the land they owned to others. In total, 2,200 tenants rented nearly 285,000 acres to others; this includes land subrented to other tenants.

Of the estimated 7,636,480 acres of land operated and/or owned by part-owners, about 55 percent (4,211,432 acres) was owned by them, and 45 percent (3,425,048 acres) was rented from others. An additional 292,145 acres (less than 1/2 percent) were rented by part-owners to others. Information isn't avail-

able to indicate whether this land rented to others was subleased or owned by the part-owners.

The ratio of owned to rented land operated by part-owners can't be determined exactly, although it's about 6:5. But it's apparent that the distinction between owners (who may also rent land from others) and tenants (who may also be landlords) isn't entirely clear—that the categories of owners, tenants and part-owners, though useful for generalization, aren't completely descriptive.

What Do Consumers Want From Pork?



For some pork cuts, such as center-cut chops, consumers may not care whether they're from a meat-type or fat hog—so long as the excess fat is trimmed. Who pays for that excess fat? Could it be the producer through lower prices and using feeds to produce fat that might just as well produce more meat?

by R. O. Gaarder and E. A. Kline

YOU'VE BEEN hearing a lot lately about "meat-type" hogs and "consumer preference." What do consumers really prefer? What types of pork chops, hams or pork roasts are they willing to buy? Can some method of grad-

ing be used to help the shopper identify what she wants? Would such a grading method increase the demand for pork? Would it eventually lead to the production of uniformly higher quality pork?

We've obtained some information on pork loins and consumer preferences for pork chops in three trial studies.

In the first study, pork chops

from U. S. No. 1, 2 and 3 grade pork carcasses were sold side by side in retail stores. Carcass grade was disregarded in the second and third studies and loins were sorted according to eye-muscle area—the size of the chop a loin would make.

Grades of hog carcasses are based largely on backfat thickness. The U. S. No. 1 carcass

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